

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6388

BILL NUMBER: HB 1036

NOTE PREPARED: Feb 27, 2007

BILL AMENDED: Feb 27, 2007

SUBJECT: Military Service Credit for TRF Members.

FIRST AUTHOR: Rep. Kersey

FIRST SPONSOR:

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill grants, under certain conditions, up to six years of service credit in the Teachers' Retirement Fund (TRF) for a member's past active duty military service.

Effective Date: July 1, 2007.

Explanation of State Expenditures: There are no specific data concerning the number of teachers who would be affected by this change. The additional liability generated would be approximately \$5,772 per person affected. The actual increase in annual payout cost will depend upon the number of teachers affected, their military service, their age, and accrued TRF service characteristics. The fund affected is the state General Fund.

Explanation of State Revenues:

Explanation of Local Expenditures: The 1996 TRF Plan (New Plan) is actuarially funded with a level percent of payroll, currently 7%. It is unlikely that this bill will require an increase from the current level percent of payroll.

Explanation of Local Revenues:

State Agencies Affected: Teachers' Retirement Fund.

Local Agencies Affected: School corporations.

Information Sources: Gabriel Roeder Smith & Co., actuaries for TRF, 1-800-521-0498.; Tom Abbett,

Controller, Teachers' Retirement Fund, 317-232-3826.

Fiscal Analyst: James Sperlik, 317-232-9866.

DEFINITION

Actuarial Funding Method: Any of several techniques that actuaries use in determining the amounts and incidence of employer contributions to provide for pension benefits.